

RETAIL LIQUOR LICENSES

This fact sheet briefly describes retail liquor licenses which are available from the Michigan Liquor Control Commission (MLCC), including the applicable licensing fee. Additional information is available which more thoroughly describes the requirements for each type of license and outlines the steps in obtaining a particular retail liquor license. License fees are due before the license will be issued. Licenses must be renewed each year before May 1.

The licenses are divided into on-premise and off-premise licenses. On-premise licenses sell and serve alcoholic beverages for consumption ON the licensed premises. Off-premise licenses sell alcoholic beverages for consumption OFF the licensed premises. The off-premise licenses are sometimes called "package liquor dealers" by the general public.

On-Premise Retail Licenses

These licenses are for the types of business (i.e., restaurants, hotels, bars or clubs) where alcoholic beverages are served on the premises. With the exception of private clubs, the number of licenses that can be issued is governed by a specific quota based on the population of each local unit of government. On-premise licensees will also frequently hold a Specially Designated Merchant (SDM) license (see description of off-premise licenses) to sell beer and wine for consumption off the premises.

<u>License</u>	<u>Authorized to Sell</u>	<u>Description</u>	<u>License Fee*</u>
Class C	beer, wine, liquor	! consumption on the licensed premises ! subject to quota	\$600/ year plus \$350/ year for each additional bar*
Club	beer, wine, liquor	! consumption on the licensed premises ! can only sell to bona fide club members ! not subject to quota	\$300/ year plus \$1 for each member over 150* Maximum fee is \$750 not including Sunday Sales fee
B Hotel	beer, wine, liquor	! consumption on the licensed premises and in the rooms of bona fide guests ! subject to quota	\$600/ year plus \$3 for each bedroom over 20* plus \$350 for each additional bar
A Hotel	beer and wine	! consumption on the licensed premises and in the rooms of bona fide guests ! subject to quota	\$250/ year plus \$1 for each bedroom over 20 not to exceed \$500
Tavern	beer and wine	! consumption on the licensed premises and in the rooms of bona fide guests ! subject to quota	\$250/ year

* If the Commission grants a Sunday Sales permit, an additional Sunday Sales fee of 15% of the regular license fee is charged as part of the licensing fee.

On-Premise Resort Licenses

Resort licenses can be issued for Class C, B-Hotel, A-Hotel, and Tavern classifications. Resort licenses are available only after all the licenses allowed under the quota are issued and if the business to be licensed will directly benefit tourism or visitors.

Applicants must meet qualifications for resorts and qualifications for the specific type of license classification being requested.

<u>License</u>	<u>Authorized to Sell</u>	<u>Description</u>	<u>License Fee</u>
Transferable On-Premise Resorts for Class C, B-Hotel, A-Hotel & Tavern	same type of alcoholic beverage as the regular license; i.e Class C and B Hotel Resorts can sell beer, wine, and liquor and A-Hotel and Tavern Resorts can sell beer and wine	550 licenses were authorized under the initial legislation. These licenses may transfer ownership and location with Commission approval	same as for the regular license of the same type
Non-Transferable On-Premise Resorts for Class C, B-Hotel, A-Hotel & Tavern	same type of alcoholic beverage as the regular license; i.e. Class C and B-Hotel Resorts can sell beer, wine, and liquor and A-Hotel and Tavern Resorts can sell beer and wine	10 licenses may be issued for the year 1998. These licenses may transfer ownership with Commission approval but not location. The license must be returned to the Commission if the business stops operation.	same as for the regular license of the same type
Resort Economic Development License for Class C, B-Hotel, A-Hotel & Tavern	same type of alcoholic beverage as the regular license; i.e. Class C and B-Hotel Resort Economic Development License can sell beer, wine, and liquor and A-Hotel and Tavern Resort Economic Development Licenses can sell beer and wine	25 licenses may be issued for the year 1998. These licenses may transfer ownership with Commission approval but not location. The license must be returned to the Commission if business stops operations. The business must have at least \$1,500,000 investment in the real estate, building, leasehold improvements, fixtures and inventory.	same as for the regular license of the same type

Off-Premise Retail Licenses

These licenses are for the types of business (IE., party, grocery, convenience, and drug stores) where alcoholic beverages are sold for consumption elsewhere. Frequently an off-premise retail liquor licensee will hold both an SDD (“package liquor” dealer) and an SDM license.

<u>License</u>	<u>Authorized to Sell</u>	<u>Description</u>	<u>License Fee</u>
SDD Specially Designated Distributors	liquor (spirits only)	<ul style="list-style-type: none">• consumption off the licensed premises• subject to quota NOTE Applicants must meet definition of established merchant and be able to show source and availability of funds to make initial purchase of \$5,000 in liquor inventory divided among at least 50 brands.	\$150/ year plus \$3 for each \$1,000 of liquor purchased from MLCC in excess of \$25,000*
SDM Specially Designated Merchant	beer and wine	<ul style="list-style-type: none">• consumption off the licensed premises• not subject to quota	\$100/ year

Off-Premise Resort SDD License

This is a special category of SDD license which may be issued when the quota is full in a governmental unit with a population under 50,000. Resort SDD licenses can be issued statewide to promote economic development and to stimulate the resort and tourist industry.

The number of applicants for SDD Resort licenses far exceeds the number which the Commission can grant. Unsuccessful applicants may request that the Commission keep the application active for the next year’s issuance.

<u>License</u>	<u>Authorized to Sell</u>	<u>Description</u>	<u>License Fee</u>
SDD Resort Specially Designated Distributor Resort	liquor (spirits only)	Up to 10 licenses may be issued for the year 1998. May transfer ownership but not location, business must be designed to attract and service tourists and visitors to the resort area	\$150/ year plus \$3 for each \$1,000 of liquor purchased from MLCC in excess of \$25,000*

* If the Commission has granted a Sunday Sales Permit, an additional Sunday Sales fee of 15% of the regular license fee is charged as part of the licensing fee.

Additional requirements for all types of on-premise resort licenses include:

- The business must provide full-course meals
- The business must have dining facilities and seat not less than 100 persons. However, in counties having a population of less than 50,000 the business must seat not less than 50 persons. The Resort Economic Development License must seat 100 persons regardless of location.
- The establishment must offer at least one of the following:
 - 1) Some type of public recreational or entertainment activity on the premises or in close proximity.
 - 2) Sleeping facilities, meeting or conference rooms or convention facilities
- The majority of the gross income of the business must be from something other than the sale of alcoholic beverages (sale of food, greens fees, room rental, etc.).

Special (24-Hour) On-Premise License

This license allows non-profit, religious, fraternal, civic, or patriotic organizations to obtain a one-day license to sell alcoholic beverages to the public for on-premise consumption. The license has these specific requirements:

<u>License</u>	<u>Authorized to Sell</u>	<u>Description</u>	<u>License Fee</u>
Special 24-Hour License	beer, wine, liquor	Good for only 24 hours. Profits from sale of alcoholic beverages must go to organization and not to any individual. The request must be approved by the chief local law enforcement officer in the governmental unit where the event is to be held. No more than 5 licenses are issued to individual organizations (including auxiliaries) each calendar year. Proof of non-profit status must be provided with the application unless the applicant is a national organization or has obtained previous special licenses.	\$50 for organizations in existence for less than 1 year; \$25 for organizations in existence for 1 year or more. Sunday sales fees are \$7.50 for the \$50 license and \$3.75 for the \$25 license.